

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 /113 W

-----291141Z 107925 /21

R 290613Z JAN 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4084

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L BAGHDAD 0178

E.O. 11652: GDS

TAGS: ENRG, IZ

SUBJECT: IRAQ AND OIL PRICES

REF: CERP 4250

1. AFTER INITIAL BLAST AT SAUDI ARABIA FOLLOWING
DEC. 15 OPEC CONFERENCE, GOI HAS REVERTED TO ITS
TRADITIONAL POLICY OF SECRECY ON OIL MATTERS. QATARI
AMBASSADOR TOLD US THAT IRAQIS REACHED AGREEMENT WITH
VISITING QATAR OIL MINISTER ON AN EXTRAORDINARY OPEC
CONFERENCE TO DISCUSS PRICES, PROVIDED THERE WAS
UNANIMOUS AGREEMENT OF OPEC MEMBERS TO ATTEND AND
PROVIDED THERE WAS SUFFICIENT ADVANCE COORDINATION
TO ENSURE THAT RESULTS WOULD FURTHER OPEC UNITY. BOTH
PRESIDENT BAKR AND SADDAM HUSSEIN, WHO HEADS GOI OIL
POLICY COMMITTEE, RECEIVED QATARI ENVOY. IRAQIS
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GAVE HIM A SYMPATHETIC HEARING AND STRESSED
WILLINGNESS TO MODERATE THEIR HARDLINE POSITION
IN INTERESTS OF OPEC UNITY. QATARI RECEIVED
IMPRESSION IRAQIS WOULD AGREE TO DROP SUBSEQUENT
5 PERCENT INCREASE IF ALL OPEC COUNTRIES NOW
AGREED ON A 10 PERCENT RISE. IRAQIS DID NOTE THAT
SHAH HAD TOLD FOREIGN MINISTER HAMMADI THAT AN

EXTRAORDINARY OPEC CONFERENCE AT THIS TIME WAS LIKELY
TO INTENSIFY THE EXISTING DIFFERENCES WITHIN OPEC.

2. UK HEAD OF CHANCERY TELLS US THAT BP NEGOTIATING
TEAM HAS INFORMED GOI THAT LOWER PRICE WILL BE
NECESSARY FOR MAJOR INCREASE IN LIFTINGS WHICH
HAD BEEN AGREED UPON PRIOR TO OPEC CONFERENCE
SUBJECT TO NEGOTIATION OF ANY PRICE RISE.
NEGOTIATORS FOR IRAQ NATIONAL OIL COMPANY REPLIED
THAT PRICE RISE HAD BEEN DECISION OF POLITICIANS
AND THAT POLITICIANS ALONE HAD AUTHORITY TO LOWER
THE PRICE OR OFFER COMPENSATING FINANCIAL INDUCE-
MENTS. BP TEAM HAS NOW RETURNED TO LONDON. BRITISH
SOURCE EXPRESSED CONFIDENCE THAT IRAQIS WOULD FIND
SOME WAY TO LOWER PRICE OF THEIR OIL TO COMPETITIVE
LEVEL.
WILEY

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Message Attributes

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